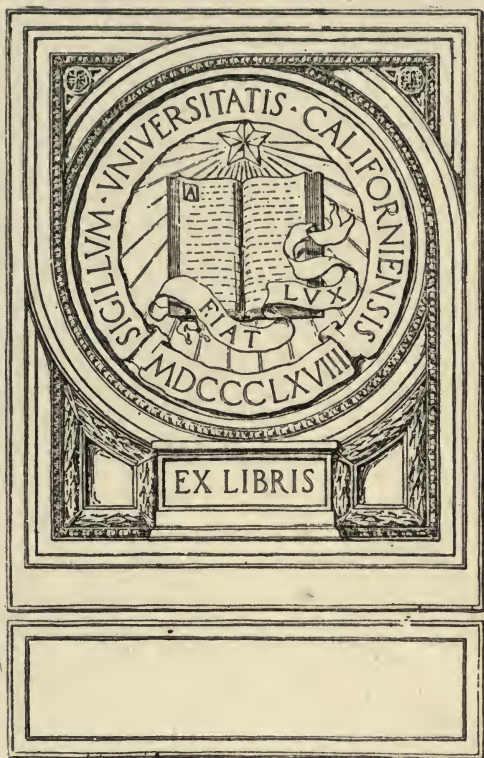


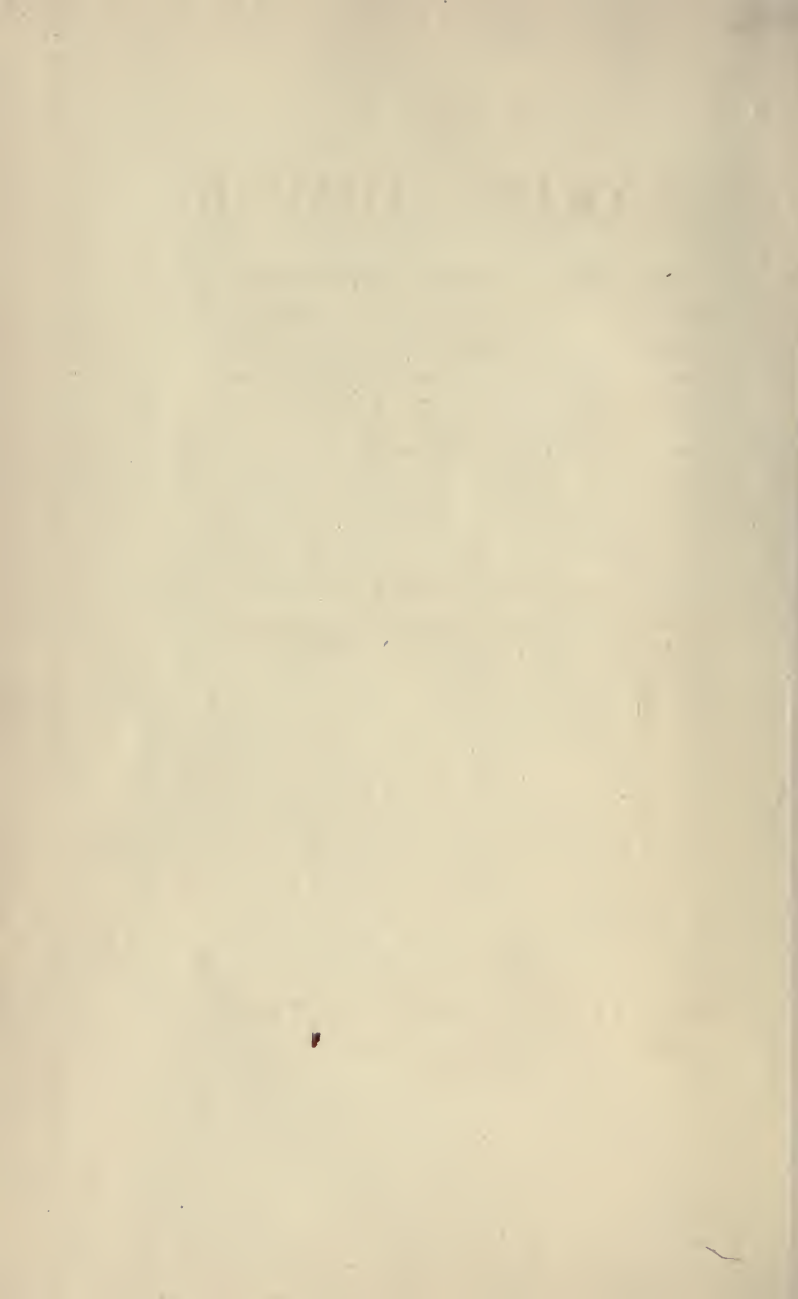
THE CLEARING HOUSE
ITS
ORIGIN, DEVELOPMENT
FUNCTIONS, OPERATIONS
METHOD, PLANS
AND SYSTEMS

UC-NRLF



\$B 279 910





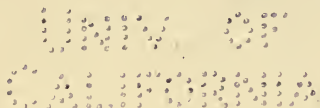
THE CLEARING HOUSE

*Facts covering the origin, developments,
functions, and operations of the Clearing
House, and explaining the systems,
plans, and methods promulgated by the
Clearing House Section of the American
Bankers Association*

BY

JEROME THRALLS

SECRETARY OF THE CLEARING HOUSE AND NATIONAL BANK
SECTIONS OF THE AMERICAN BANKERS ASSOCIATION



PUBLISHED BY

THE CLEARING HOUSE SECTION
AMERICAN BANKERS ASSOCIATION
NEW YORK

HG 2322
T5

COPYRIGHT, 1916, BY
JEROME THRALLS

TO THE
LIBRARY OF

INTRODUCTION

THIS book is based on practical experience and is designed chiefly for the purpose of conveying to the reader full and definite information regarding the origin, development, functions and operations of the Clearing House.

Only a limited number of persons, including bankers, realize the important part that Clearing Houses have played in the development of the United States.

They have protected the finances of the government at times when the credit of the nation was imperilled. They are the machinery that saved thousands of business concerns from ruin during panics and financial depressions. Their influences for good have permeated every line of industry from coast to coast. They are the chief factors that brought about the reforms in the banking and currency laws and the improvements in banking methods and practices, which in turn, have made the financial system of America equal to that of any nation.

JEROME THRALLS

iii

357345



Digitized by the Internet Archive
in 2007 with funding from
Microsoft Corporation

CONTENTS

	PAGE
THE CLEARING HOUSE	1
Origin	1
Classes of Clearing Houses	2
Early Functions and Developments	3
Objects and Purposes	3
THE CITY DEPARTMENT	5
Clearing House Numbers	5
Preparing Items for Clearing	5
Endorsements, etc.	5
Statements and Records	6
Form of Statement and Settlement Check	7 & 8
Exchange or Clearing Room	9
Making the Exchanges	10
Records at the Clearing House	10
Clearings	11
Apportioning Balances	11
Gold Depositary	12
Settlement of Balances	12
Trading of Balances	13
Fines	13
Loan Certificates	13
General Business	14
Expenses and Assessments	14
THE COUNTRY DEPARTMENT	15
Objects and Purposes	15
Origin	15

CONTENTS

	PAGE
Operation	16
Making Arrangements and Rates	16
Endorsing and Preparing of Items	17
Due Bills	18
Handling of Items at the Clearing House	18
Records	19
Protested and Unpaid Items	19
Distribution of Returns	19
Pro-rating Expenses and Exchange	20
Savings Effected	21
Savings to Country Banks	21
 THE EXAMINATION DEPARTMENT	 23
Limited Authority (of National and State Bank Examiners)	 23
Supervision	24
Examinations	24
Reports	25
Moral Effect of Examinations	26
Check on Loans	27
Proposed Federal Examinations	28
Expenses and Assessments	29
 INFLUENCE OF THE CLEARING HOUSE	 30
New Clearing Houses Necessary	30
Co-operation and Extension	31
Competition not Restrained	31
 ARTICLES OF ASSOCIATION	 32
Objects and Purposes	32
Officers	33
Vacancies	33
Executive Committee	33

CONTENTS

vii

PAGE

Disbursements	34
Powers of Officers	34
Representation	34
Authority of Manager	34
Clearing Hour	34
Settlements	34
Numbers	35
Default	35
Errors and Returned Items	36
Hour for Returning Items	36
New Members	36
Suspensions	37
Withdrawals	37
Amendments	37
By-Laws, Rules and Regulations	37

ADDITIONAL SUGGESTIONS FOR THOSE DESIRING TO ORGANIZE A CLEARING

HOUSE	38
Maximum Interest Rates	38
Interest on Savings Accounts	38
Exchange Charges	39
Collection Charges	39
Public Deposits	39
Escrow Charges	39
Safe Deposit Rentals	39
Donations	39
Borrower's Statements	39
Credit Information	39
Past-due Paper and Overdrafts	39
Hours and Holidays	39
Rotation of Managers	40
Meetings	40
Dues	40

	PAGE
Fines	40
Rotation of Officers	40
DATA	40-41
UNIVERSAL NUMERICAL SYSTEM	42
Various Plans	42
Explanation of the System	43
How Numbers Are Assigned	43
Savings Effected	45
Endorsement Stamps	46
Transit Numbers on all Checks	46
Numbers on all Drafts	46
Key to Numerical System	46
NO-PROTEST SYMBOL PLAN	48
Explanation of the Plan	48
Symbol Used	48
Instructions for Cash Letters	49
Instructions Automatically Conveyed	49
Plan Universal in Scope	50
Plan Copyrighted	51
Uniformity Essential	51
TOTAL BANK TRANSACTIONS	53
Advertising Feature	53
Duplication in Clearings	53
What Total Bank Transactions Represent	54
Method of Assembling the Figures	55
Form Used	56
Comparison of Clearings and Bank Transactions	57

CONTENTS

ix

PAGE

FEDERAL RESERVE CLEARING SYSTEM	59
Gold Settlement Fund	59
Accounts Carried	60
Clearing by Wire	60
Balances and Settlements	60
Diversity of Methods Experimented With	61
Uniform Plan	62
Provisions of the Plan	62
Items Received at Par	62
Tentative Credit	63
Non-member Bank Checks	63
Expense of Shipping Funds	63
Liability	64
Service Charge	64
Penalty for Impaired Reserves	64
Burden of Expense	65
 CLEARING HOUSE SECTION	67
Origin and Purposes	67
Membership	68
Expenses	68
Work Done	68
Executive Committee and Officers	68
Representation on Council of A. B. A.	69
 OFFICERS AND COMMITTEES	70
Presidents	70
Vice-Presidents	70
Chairmen	71
Secretaries	71
Members of Executive Committee	71
Committee on Rates, Rules and Regulations	73
Committee Succeeding to Work of Confer- ence of Clearing Houses	74

CONTENTS

	PAGE
Numerical System Committees . . .	74-75
Committee on Codifying Collection Laws .	74
Committee on Country Clearing Houses .	75
No-protest Symbol Committee . . .	75
 CLEARING HOUSES OF THE U. S. . .	 76
Members of the Clearing House Section	76-77-78-79
Clearing Houses Conducting Country De- partments	76-77-78-79
Clearing Houses Conducting Examination Departments	76-77-78-79
Non-members	79-80

THE CLEARING HOUSE

THE idea of the Clearing House, like many important inventions and scientific discoveries, had its origin in an accidental way. In the early 70's of the seventeenth century, the banks of the City of London, England, employed walk clerks, or collectors, as they would be termed in this country, whose duties were to go from bank to bank and collect the actual cash to cover checks, drafts and credits of a like nature that accumulated in the day's business. Two of these boys, representing banks located in extreme opposite sections of the City of London, met in a downtown coffee house, and while visiting and lunching together discovered that each held a like amount of checks and drafts against the other's bank. The thought of trading these checks and drafts, thereby saving themselves a trip half-way across the city, suggested itself to these young men. They not only traded, but agreed to meet in the same place on the following day for the purpose of again trading. The news of what these two boys were doing spread to the other collectors, and within a very

THE CLEARING HOUSE

short while practically all of the collectors of the banks of the City of London were meeting in this coffee house, and making trades daily and paying cash to cover the differences. Some of the officers of the banks of London, on hearing what these boys were doing, criticized them severely. Others saw merit in the idea, and it resulted in a conference at which it was agreed to hire a room in the down-town section, where the boys might meet each day and trade checks and drafts. Errors resulting from these trades made it necessary to install a system of records, and to place a man in charge; and from that developed the London Clearing House, which is one of the largest, if not the largest, Clearing House in the world. The idea came to America in the year 1853, at which time the New York City Clearing House was established. It was later taken up by Boston, Pittsburg, Philadelphia, Chicago, and drifted on westward to the Coast; and now every city of any size or commercial importance has a Clearing House of some description.

Classes of Clearing Houses

Clearing Houses are of two classes—incorporated and voluntary organizations. Some authorities hold that all Clearing Houses should be incorporated, but under existing laws and conditions it seems there is little or nothing to be gained through incorporation, and the voluntary organization is accordingly the form of associa-

THE CLEARING HOUSE

tion that prevails throughout the United States.

One of the principal purposes of every Clearing House embodies the thought that permeated the minds of the two English lads who met in the coffee house—that is, of establishing a place where representatives of the members may meet each day and trade or exchange items. In the early days banks operating through the Clearing Houses advanced large sums of money to the government, rendering a great patriotic service by protecting the credit of the nation at a time when it was imperiled.

**Early
Functions
and De-
velopments**

The rapid development in all lines of industry, and the great growth of financial affairs throughout the country, have made further co-operation necessary, and as a result many additional functions have been taken on by Clearing Houses.

The objects and purposes of a modern Clearing House Association might be stated as follows:

**Objects
and Pur-
poses**

(1) To facilitate the handling of business between its members.

(2) To facilitate the handling of business between these institutions and banks and trust companies of other localities.

(3) To foster and encourage conservative, safe and sound banking methods and banking practices.

(4) To use its influence in matters of common interest to its members, and for the general

THE CLEARING HOUSE

good of the community wherein it is located.

(5) To perform such other services as are agreed upon by its members and which are not in contravention of Federal or state laws.

The performance of such functions is generally undertaken through three separate departments, namely, (1) the City Department, (2) the Country Department and (3) the Examination Department.

THE CITY DEPARTMENT

THE original functions of the Clearing House, namely, the exchange of items and settlement of resulting balances, are conducted through what is commonly termed "The City Department." On organizing a Clearing House, each member is given a number, under which its business is transacted. These numbers are generally assigned on the seniority basis—the oldest bank member being assigned No. 1, the second oldest No. 2 and so on. When a new member is taken in it is given the next highest number not in use.

**Clearing
House
Numbers**

Each member maintains in its office a department known as its Clearing House Department, and to which are charged by the several departments all items drawn on or payable at the offices of the other members. These items are usually recorded in the department where they originate and on reaching the Clearing House Department are inspected as to signature, dates, etc., and are endorsed with a rubber stamp, showing the name and Clearing House number of the clearing bank and the date of clearing. They are next sorted—

**Preparing
Items for
Clearing**

**Endorse-
ments, etc.**

THE CLEARING HOUSE

all items drawn on or payable at the office of each member being placed in a separate pile. When the sorting is completed and the clearing hour approaches, each pile of checks is taken to an adding machine and a list thereof is made and a total is taken. The items are then done up into packages, the list covering each package being placed on its face, and the Clearing House numbers of the members on which the items are to be cleared are marked on the respective packages with pen or pencil. The lists on the packages are endorsed with the regular Clearing House endorsement stamp. The packages are then sealed or bound up with rubber bands.

Statements and Rec- ords

Each member is supplied by the Clearing House with statement blanks which are in duplicate form and which show at the top the name and number of the member using the same. The blanks used in different places are not uniform, but essential features are indicated in the accompanying illustration.

Along the left margin of each statement appear, in regular order, the names and numbers of all the members. Immediately to the right of these names and numbers are several columns, the two principal ones of which are headed "On Clearing House" and "From Clearing House." The total shown on each package of items is entered in the column "On Clearing House" and

STATEMENT OF MEMBER NO.— CLEARING HOUSE

FIRST NATIONAL BANK

191

Banks	No.	On	From	Brought to C. H.	Balances		Errors in List	Statements in List	Missing En- dorsements	Wrong Clearings	No
					Dr.	Cr.					
First National Bank	1										1
Union State Bank	2										2
Merchants National Bank	3										3
Farmers Trust Co.	4										4
City National Bank	5										5
People's State Bank	6										6
Town & County Bank	7										7
Goldburg Bank	8										8
Country Clearing House	9										9
Post Office	10										10
TOTAL											
Balance											
Fines to be listed above											

Form No. 1.

Cr.

Dr.

SUGGESTED FORM OF SETTLEMENT CHECK

_____ CLEARING HOUSE ASSOCIATION NO. _____

_____ City

_____ Date

In the settlement of the balances arising from the exchanges made between the members of this Association this day there is due and payable on demand to No. _____ the _____ \$

_____ Thousand _____ Hundred _____ and _____ Dollars.
This check is not transferable and is without recourse upon any other member of this Association after _____ P.M. of this day.

Due from No. _____

_____ Manager.

THE CITY DEPARTMENT

directly opposite the name and number of the bank on which the items are to be cleared. When all totals have been entered, the statement is footed, and if the work has been correctly done the footings thus obtained will prove against the combined total of all charges made by the several departments to the Clearing House Department. Assuming they do so prove, the packages are placed in a satchel or chest and the Clearing House clerk and messenger take the satchel or chest and statement and make a mad rush to the Clearing House. The reason for this rush is that the clearing hour is fixed, and any member not represented on the dot is fined; and if tardy over a certain number of minutes, the member is shut out of the clearing for the day.

The exchange room at the Clearing House is equipped with a cage or desk for each member, and a manager's desk. The cages are usually arranged in parallel rows and in numerical order with reference to the numbers of the members. On arrival at the Clearing House the clerks enter their respective cages and the messengers pass around and deposit their packages of items—packages No. 1 being deposited in cage No. 1, packages No. 2 in cage No. 2, and so on down the line. When all clerks and messengers have arrived at the Clearing House and all deposits have been made, each clerk has on his desk a

Exchange
or Clearing
Room

For in a
house-shed

THE CLEARING HOUSE

package of items from each member, and he enters on his statement in the column headed "From Clearing House" and opposite the respective names and numbers of the members the amount shown on the package received from each. The packages when thus entered are dropped into a receptacle from which they are taken by the messengers, who rush back to the banks so that the items may be quickly distributed to the bookkeepers, who pass upon the genuineness of signatures, etc., all items being cleared subject to being returned at a certain hour if found not good for any reason. Each clerk foots his statement when all totals have been entered, and if he finds he brought a greater volume to the Clearing House than he received from the members he carries his "From Clearing House" footings to his "On Clearing House" column and makes his deduction, showing the amount due his bank from the Clearing House, or his credit balance, as it is termed. Should the amount received at the Clearing House exceed the amount brought to the Clearing House, the operation would be the reverse, and he would show the amount due the Clearing House, or his debit balance. A duplicate of each statement is passed to the manager, who enters on the Clearing House records the net debit and credit balances and the "On Clearing House" and "From

**Making
the Ex-
changes**

**Records
at the
Clearing
House**

THE CITY DEPARTMENT

Clearing House" totals. He then foots the balances and if they prove the clerks are dismissed and return to their respective banks. The statements are filed as a record of the transactions between the several members, and the manager foots the "On" and "From" Clearing House columns; and if they agree it is conclusive evidence that the work has been correctly done. The "On Clearing House" column represents the items brought to the Clearing House and are the figures that are reported in the newspapers and financial journals as the bank clearings. Where an average of ten millions of dollars' worth of items are cleared daily the resulting balances run about six hundred thousand dollars; so by the operation the amount of cash necessary to handle ten millions of dollars' worth of business is reduced from ten millions of dollars to six hundred thousand dollars. **Clearings**

The next step is the settlement of balances. One plan is for the manager to draw checks against the debtor members in favor of the creditor members; the first check being drawn against the largest debtor, in favor of the smallest creditor, the second in favor of the second small creditor, and so on down the line until all the creditors have been satisfied. These manager's checks are payable in cash and generally must be settled at or before 2 o'clock P. M. of **Apportioning Balances**

THE CLEARING HOUSE

the day on which drawn. In case of failure to collect any such check at or before the specified hour, all members other than the one against whom the check is drawn are released from responsibility thereon. To simplify the payment of these checks a Clearing House gold depository is usually maintained, in which members deposit gold of required weight and United States gold certificates, in lieu of which are issued Clearing House gold certificates in amounts of five and ten thousand dollars. These certificates pass current among the members, the holders thereof being the owners of the gold and United States gold certificates so deposited and which count as legal reserve. In settling balances of six hundred thousand dollars it is necessary to use only sixty ten thousand dollar gold certificates. This plan saves abrasion on the gold as well as the labor of carrying it back and forth and recounting it. It also eliminates the danger of street robberies.

Gold De- pository

Settlement of Bal- ances

The manner of settling Clearing House balances, and the forms used, vary slightly. In some cities the debtor banks pay the cash to the manager of the Clearing House, and he in turn pays it to the creditor banks; while in other cities the creditor banks present the Clearing House manager's settlement checks to the debtor banks direct for payment. In some cities, in order to avoid congestion of work and to head off check kiting,

THE CITY DEPARTMENT

informal exchanges are made by the members. Receipts are taken to cover items so exchanged and are passed through the Clearing House at the next regular exchange. Trading of balances is also in vogue in some cities, and since the inauguration of the Federal reserve system many balances are settled by checks on Federal reserve banks. To encourage promptness, care and accuracy on the part of clerks, fines are imposed for errors in lists, wrong clearings, missing endorsements, errors in statements, misconduct, etc. These fines range from ten cents to five dollars, and are assessed against banks whose representatives are the offenders. The proceeds usually go toward defraying the general expenses of the Association. To get an idea of the convenience and saving that result from the daily exchanges at the Clearing House one need only to consider the number of clerks that would be required to go from bank to bank and collect and handle the actual cash represented by ten millions of dollars' worth of items, then compare that process with the clearing of a like amount of items and the settlement of balances resulting therefrom.

**Trading of
Balances**

Fines

**Loan Cer-
tificates**

One of the important functions of the City Department has been the issuance of loan certificates and scrip during times of stringency, but with the passage of the Federal Reserve Act it is hoped that this function is forever eliminated.

THE CLEARING HOUSE

It was by co-operation through this department that the banks of New York, Philadelphia and Boston were able to protect the credit of the nation during the early years of its existence. The City Department handles the general business of the Association. It is of a legislative and administrative character. Through it rules and regulations regarding exchange and collection charges and interest rates allowed on balances are formulated and enforced. It provides for uniform counter checks, uniform advertising, and looks after matters of common interest to the member banks, and the general good of the community. Small banks that do not feel justified in joining the Clearing House arrange with some member to act as their agent and to clear for them.

General Business

Expenses and As- sessments

The expenses of this department are usually defrayed from a general fund arising from fines and from special assessments against the members based upon the clearings for the quarter preceding such special assessments.

THE COUNTRY DEPARTMENT

THE personal check has been a great factor in the development of all lines of industry throughout the United States, and with the unprecedented growth of this nation there came an attending increase in the volume and number of such checks. The burden of labor and expense involved in handling these items constantly increased, and in some of the large collection centers this burden grew to such enormous proportions that it consumed the earnings of the banks and jeopardized their existence. Boston, Mass., was the first center to feel keenly the effects of the expense of handling out-of-town personal checks, and the weight of exchange that was being charged thereon. The Boston banks realized the important part that these checks were playing in the business world, and the necessity for their continued use, yet they were obliged to seek some means of reducing the burden of expense incurred in their handling. They accordingly created a "Country Collection Department" or "Country Clearing House," as it is generally termed. Kansas City, Mo., Nashville, Tenn.,

Objects
and Pur-
poses

Origin

THE CLEARING HOUSE

Atlanta, Ga., and Oklahoma City, Okla., rapidly followed the lead of Boston. St. Louis, Mo., New York City, Richmond, Va., Detroit, Mich., and several other cities have organized similar departments. The Country Clearing House might best be understood by considering it as a co-operative bank owned by the Clearing House Association and with its functions limited to the collection of out-of-town cash items on a certain territory, and the performance of services incidental thereto, and with its depositors limited to the members of the Clearing House Association.

Operation

The manager in charge is given full power to make arrangements with the banks in the territory covered, and proceeds very much along the same lines as does the officer of a bank in making connections for his institution. Strength, service and rates are the principal factors in determining as to what bank, or banks, the Country Clearing House will send its items on towns wherein there are two or more banks. A circular letter explaining the plan is sent to each bank in the district by the manager. This letter is followed by a card requesting certain information, including a list of the bank's correspondents, a list of the bank's officers, the time of arrival and departure of mails, the rate of exchange, if any charge is to be made on cash items, and a statement of the financial condition of the in-

Making Arrangements and Rates

THE COUNTRY DEPARTMENT

stitution. These cards are filed for future reference, and in case of doubt as to the validity of the information given thereon, it is checked up and further investigation of the character of the officers and the general character of the institution is made through its correspondents and other sources. When the arrangements have been perfected, each member of the Clearing House is furnished with a book giving a complete list of all banks to which the Clearing House has arranged to send items and the rate of exchange that will be charged by each. Members are informed, from time to time, of all changes in and additions to this list.

Each member of the Clearing House is provided with a combination endorsing stamp which endorses the items to the Clearing House and for the Clearing House at one application, and each member is also supplied with combination record-sheets-and-foreign-slips, which are of such form that when the items are being recorded thereon, they are through the means of carbon sheets entered on the foreign slips to which they are finally attached when brought to the Country Clearing House for deposit. Each foreign slip shows at the top, the Clearing House number of the member endorsing the items, the date of the endorsement and the name of the bank and town to which the items are to be sent,

**Endorsing
and Pre-
paring
Items**

THE CLEARING HOUSE

in accordance with the Country Clearing House list. This information is repeated on a perforated stub at the bottom of the slip. The amount of each item is entered on the body of the slip and a total is made and carried to the stub. The foreign slips thus prepared with items attached are sorted in alphabetical order and an adding machine list is made of the totals. The list is endorsed by the member, and the items are placed in a package with the list on its face, and are delivered to the Country Clearing House in this shape. A check or due-bill, payable through the Clearing House at a subsequent date, is issued to the member in lieu of the total day's deposit. The date these checks are clearable is fixed by the average time required to get returns for items on the district covered by the Country Clearing House.

Due-Bills

Handling of Items at the Clearing House

When the packages are opened at the Clearing House, the stubs are detached and filed. An adding machine list is made of the totals shown on the slips and is proved against the list which accompanied the items. The slips with items attached are then distributed on the sorting tables in alphabetical order with reference to towns. When all the slips with items attached have been distributed, they are sorted further with reference to banks to which they are to be sent, so that when all deposits have been made and the sort-

THE COUNTRY DEPARTMENT

ing is completed the items are ready to be run on the Country Clearing House letters of transmittal. (These letters and corresponding envelopes are prepared in advance.) The totals shown on the slips and the numbers of the members are entered on the letters of transmittal by means of the adding machine and a sub-total is made on each letter and is carried to a stub at the bottom of the letter. These stubs are perforated and bear the date and addresses as shown on the corresponding letters. They are detached and filed as the record of the transit charges against the out-of-town banks. At the close of each day, a total is taken of all such stubs, and if the work has been correctly done, this total will prove against the total of all deposits made with the department for the day, and is the charge to be made against the transit account. When letters are paid, the accounts are credited by eliminating or removing from transit the corresponding stubs. All returns are made direct to the manager of the Clearing House, and all refused and protested items, together with the fees charged thereon, are deducted and returned with draft to cover the balance of the letter with which they were originally transmitted.

Records

**Protested
and Un-
paid Items**

The Country Clearing House is represented as a member in the daily exchanges at the Clearing House, and in that way distributes the returns

**Distribu-
tion of
Returns**

THE CLEARING HOUSE

Prorating Expenses and Ex- change

and secures credit for all returned items, and the members charge to the Country Clearing House the checks or due bills which have been issued in lieu of items deposited with the department for collection. In some Country Clearing Houses the estimated time required for getting returns is so close to the actual time that the due bills, as they become payable, just about offset the returns, and the small debit and credit balances that arise because of their not being an exact offset, are carried over by the bank that falls heir to the same until the following day; while in other places the amount due to each member is figured each day and new bills are issued for the exact amount due. The office or operating expenses of the department are pro-rated monthly on the basis of the total business and the total number of items handled through the department for the month. The exchange charges are assessed against the members at the close of each month, each member being charged with the actual cost of its items. These charges are taken from the letters as they are paid and are figured and totaled up each day. The plan is, therefore, fair and equitable to all Clearing House members. The Country Clearing House does not interfere with the individual arrangements of its members with their correspondents, but merely gives them the benefits of additional facilities. It is a machine operated strictly

THE COUNTRY DEPARTMENT

for economy and better service. It materially reduces exchange charges, encourages more prompt returns, and lessens every item of expense incidental to handling of out-of-town checks. } *2m*

**Savings
Effected**

Ten members have items on a certain town, the minimum postage is 2c. each or 20c. for all, while, were the items consolidated and sent from the Country Clearing House in one inclosure, the total postage would be from 2c. to 4c. and a saving from 16c. to 18c. would be effected. The saving on two thousand towns would be from \$32 to \$36 per day on postage alone. In addition there is a saving of nine remittance letters, nine envelopes, and a corresponding saving of labor in handling the returns. The same is true with reference to tracing and correspondence, and from the standpoint of the country banker, it relieves him of considerable work, since he is required to write one draft instead of ten, address one envelope instead of ten, and use 2c. in postage instead of 20c. One of the Country Clearing Houses in handling items on 5,600 banks has effected a saving of more than 50 per cent. in the gross expense involved, and has reduced the time required for getting returns more than 25 per cent. The Boston Country Clearing House has succeeded in making arrangements whereby it receives par returns from 90 per cent. of the banks in the entire New England States, and

**Savings
to Country
Banks**

THE CLEARING HOUSE

has reduced the cost of handling to the low minimum of 7c. per thousand dollars or about one-third of a cent per item. Other Country Clearing Houses in operation have made corresponding progress.

THE EXAMINATION DEPARTMENT

ONE of the comparatively recent and most valuable functions of the Clearing House is that of conducting through its managing committee rigid examinations of the members and clearing banks (the banks receiving the privileges through the agency of some member). Federal and state bank examiners render most valuable service, but under the customs and laws they have little power that is of a remedial character. It is their duty to see that every bank which they examine is conducted according to law ; that its capital is unimpaired ; that the books, records and accounts are properly kept and that the reports made to the Comptroller or Banking Department are correct. They must confine their criticisms practically to infractions of the law, and offences must reach the stage of capital impairment or insolvency before official action can be taken. At this stage the remedy is an assessment against the shareholders, in some form or other, or forced liquidation. Bank examiners cannot prevent bank failures, but their visits and the police power with which they are clothed, are

**Limited
Authority
(of Na-
tional and
State Bank
Examin-
ers)**

THE CLEARING HOUSE

Supervision

valuable influences in keeping banks in good condition. Some factor is needed, however, which will restrain, repair and correct minor irregularities, and unsound conditions, before they develop into the most dangerous stages. The Examination Department of the Clearing House is such a factor. This department is under the supervision of a managing committee, usually known as the Clearing House Committee. This committee is generally elected annually from among the active officers of the member banks, and is authorized by rule to employ competent examiners and assistants, who in turn are empowered, under the direction of the Clearing House Committee, to make examination at will of all banks having the privileges of the Clearing House. Careful consideration is given to the selection of the examiner and assistants. The success of the plan depends to a large measure upon the competency, faithfulness and fidelity of these men. They are generally required to sign an agreement not to engage in the business of banking or enter the employ of any institution under their jurisdiction within a period of three or five years after leaving the employ of the Clearing House.

Examinations

Clearing House examinations include, in addition to verification of the assets and liabilities of the bank, a thorough examination into the

THE EXAMINATION DEPARTMENT

workings of every department. They are not intended to be a careful audit of all the accounts. That is left to the bank's own auditor and to special auditors who are called in from time to time. Following each examination a duplicate detailed report is made, giving a description of the loans, bonds, investments, and other assets. This report shows, under a special schedule, loans both direct and indirect, to officers, directors and other employees, as well as to firms and corporations in which they may be interested. It further covers the conditions that are found in every department of the bank. One copy of this detailed report is filed at the Clearing House, and is open to the examiner and manager only, except in special instances where it is necessary that it be brought before the Clearing House Committee. The other copy is filed with the President of the bank examined, and the directors are notified and requested to call at the office of the President and inspect the report. The examiner requires an acknowledgement of this notice from each director, with a promise on the part of the director to call and go over the report. This encourages closer attention to the bank's affairs, and makes certain that every director has opportunity of knowing the bank's true condition. A skeleton of this report, setting forth in a general way the character of the bank's assets, and giving a list

Reports

THE CLEARING HOUSE

of the loans to employees, officers and directors, and to firms and corporations in which they may be interested—also giving a special schedule of all of the excessive and important loans, and making mention of the irregularities, bad conditions and dangerous tendencies and practices that exist in the institution—is brought before the Clearing House Committee by the examiner. The Clearing House Committee goes over the report carefully and considers fully the examiner's views and recommendations. Then the committee calls in the managing officer of the bank examined, and gives him the benefit of its views, and makes such suggestions as may seem expedient. The advice of the committee is generally heeded, and whatever the trouble may be, it is caused to be corrected.

Moral Effect of Examinations

No law nor plan of bank examination can be devised which will prevent bank failures. This is because human judgment is not perfect, and the making of loans and investments depends upon human judgment; but greater care will be exercised by every banker in making his loans and investments if he knows they are to be subjected to rigid inspection and criticism by a competent committee of well-trained and well-informed bankers. The managing officers of every bank that is subject to Clearing House examinations will use their best efforts to the end that their

THE EXAMINATION DEPARTMENT

institution shall be kept in such shape as will invoke compliments rather than criticisms from the committee. Pride and conscience are the two most potent factors in keeping bankers and business men within the bounds of law and reason. These, coupled with fear of detection and exposure, far outweigh the penalties that are fixed by law. The installation of the first Clearing House examination department was precipitated by a failure involving many millions of dollars, and most bankers who are acquainted with the facts believe that failure would have been averted had the bank been subject to Clearing House examinations. Through the guidance and advice of the Clearing House Committee many bad situations, which would have developed into failures, have been worked out in cities where Clearing House examination departments are maintained. In some instances bank Presidents have been requested to resign and dispose of their holdings in order that their respective banks might be freed from their influence, incompetency and bad judgment.

The Clearing House examiner usually keeps a card index of all loans of importance, and can tell closely as to what is the total of the obligations of any individual, firm or corporation to the banks under his jurisdiction. This is valuable information, and is not obtained by state or Fed-

Check on
Loans

THE CLEARING HOUSE

eral examiners. Where the aggregate of the borrowings of any firm, individual or corporation is in excess of what in the judgment of the examiner and Clearing House Committee, such firm, individual or corporation is entitled to receive, the banks interested are so advised, and are thus given opportunity to call upon the borrower to reduce the obligations to a safe basis. Many concerns are headed off in this way, which if permitted to expand further, would be the victims of certain ruin, and would inflict heavy losses upon the banks involved. Clearing House examinations are a tremendous factor in encouraging careful, conservative and sound banking. Many improvements in the systems and methods of the various departments of banks are brought about through their influence. They hinder the development of illegitimate schemes, and make the financing of legitimate business easier and more certain. They have been characterized by a Comptroller of the Currency as being infinitely superior to state and Federal examinations. The framers of the Federal Reserve Act recognized the value of Clearing House examinations, and sought to include in the Act provisions for the introduction of a similar plan in the Federal reserve districts, to be operated under the direction of the Federal reserve banks, but it is not likely that the system of Federal bank

**Proposed
Federal
Examina-
tions**

THE EXAMINATION DEPARTMENT

examinations will be changed to conform to this idea until the offices of the Comptroller of the Currency and the Federal Reserve Board are consolidated. In the meantime, the clearing houses in cities having a sufficient number of banks to justify the maintenance of examination departments will not measure up to the standard of responsibility they owe to their respective communities if they do not investigate the Clearing House examination plan with a view of instituting such departments. The expense of maintenance is comparatively small and the benefits are many.

The expenses of this department should be defrayed out of a fund arising from an annual fee charged against each bank subject to examination and from special assessments based on total assets.

**Expenses
and As-
sessments**

INFLUENCE OF CLEARING HOUSES

THE erroneous idea that Clearing House Associations are sort of monopolistic affairs, destined to foster and further the interests of big banks in reserve and central reserve cities, at the expense and detriment of the banks in the smaller cities and towns, is being rapidly dissipated. Good bankers, whether operating on a large, medium or small scale, have begun to realize that the permanency and success of their respective institutions are dependent, not only upon the prosperity of the farmers, laborers, merchants, manufacturers and general business interests, but rest to a large degree upon the condition and solvency of their competitors. There has been a greater improvement in the banks of this country from the standpoint of strength and efficiency during the past eight or ten years than during any like period of the life of this Nation. This improvement is not due so much to legislation as it is to friendly co-operation brought about through organizations such as Clearing House Associations.

There was a time when good bankers would lie back and chuckle because of having unloaded un-

New
Clearing
Houses
Necessary

INFLUENCE OF CLEARING HOUSES

satisfactory customers upon neighboring banks, but experience has taught that an accumulation of such risks brings ruin, and not only the bank directly interested is affected, but for years thereafter every bank in the community sustains a proportionate loss of business. The growing tendency is to combine efforts and to co-operate on matters of common interest, and to the end that unsatisfactory individuals, firms and corporations, shall either reform their methods or be denied accommodations by the banks. Clearing House Associations using the Examination System afford a channel for exchange of information which greatly reduces the amount of unsatisfactory business. Co-operation through Clearing Houses does not eliminate competition. Competition grows keener every year, but its form is being entirely changed. It is now based on personality, strength and service. The Clearing House through evolution has become a tower of strength and a great instrument for service to its members and to the public. Such organizations should be formed in every city wherein two or more commercial banks are located.

Co-operation and Extension

Competition not Restrained

ARTICLES OF ASSOCIATION

THE following draft of Articles of Association is suggested for use in organizing Clearing House Associations in small cities and towns. The details may be changed to meet local conditions. It will be found desirable in most instances for new associations to operate under temporary rules until experience has demonstrated as to what by-laws, rules and regulations may be required:

Objects and Pur- poses

"The undersigned banks of hereby associate ourselves as a Clearing House Association for the purpose of effecting at one place the daily exchange of checks and other clearable items between the several members and of settling the balances with each other that arise from such exchanges ; also for the purpose of providing such safeguards, rules, regulations and conveniences, as may be desirable and which are not in contravention of state or Federal laws, in and governing our relations with each other, with banks and trust companies of other localities and with the general public, and agree to be governed by the following Articles of Association :

ARTICLES OF ASSOCIATION

“(1) The name of this Association shall be the Clearing House Association.

“(2) The officers shall be a president, vice-president, secretary and treasurer, who shall be elected from among the active officers of the banks that are members of the Association by ballot on the organization of the Association and annually thereafter on the second Monday in January at (fix hour), or failing at a meeting at that time, such officers shall be elected at a special meeting thereafter called by the president for that purpose, and shall hold office until their successors are elected, and shall perform such duties as usually pertain to their respective offices.

Officers

“(3) Vacancy in any office of the Association may be filled temporarily by the Executive Committee by the appointment of an active officer from the member bank with which the retiring officer was connected.

Vacancies

“(4) The officers shall constitute an executive committee to arrange for the place and manner of the exchanges and details of the same, and to enforce the by-laws, rules and regulations of the Association. They shall assess the cost of the maintenance of the Association upon the members in proportion to capital and surplus (or according to total resources or total clearings). The treasurer shall make a report of receipts and expenditures at the end of each fiscal year.

**Executive
Committee**

THE CLEARING HOUSE

- Disbursements** “(5) The treasurer shall be the custodian of the funds of the Association and shall disburse same by check countersigned by the President.
- Powers of Officers** “(6) The president shall call meetings of the Association whenever in his opinion its interests may require or whenever requested so to do by the executive committee, or upon request of any two members, and at all meetings each member shall be entitled to one vote. A majority of the members shall constitute a quorum.
- Representation** “(7) Members may be represented at any meeting of the Association by one or more officers but shall be entitled to only one vote.
- Authority of Manager** “(8) The secretary (acting as manager) shall have immediate charge of the business of the Clearing House and his decisions concerning questions of practice and details at the Clearing House shall rule until modified by the executive committee.
- Clearing Hour** “(9) The hour for making exchanges shall be o'clock a. m. of each business day, when the Clearing House clerks from the several member banks shall report with their respective demands, separately made out against each member in detail and the totals summed up. The work of clearing shall not be delayed longer than five minutes after a. m. on account of the failure of any bank to be represented at that time. At o'clock the settling
- Settlements**

ARTICLES OF ASSOCIATION

clerks shall return for settlement, when the manager shall issue his checks or warrants upon the debtor banks in favor of creditor banks for the balances, which checks shall immediately be presented, and on presentation be settled by the debtors to the satisfaction of the creditors in whose hands only they are available.

“(10) A number shall be permanently assigned to each member. These numbers shall be assigned on the seniority basis; the oldest bank a member being given number one and the second oldest number two, etc. **Numbers**

“(11) In case of failure on the part of any member of the Association to pay promptly the checks of the manager to cover balances arising from the exchanges, such checks shall be immediately returned to the manager, who shall call upon the other members to make up the sum for which payment has been refused in proportion to the amount of items upon the defaulting member sent into the Clearing House at the preceding exchange, which sums so furnished shall constitute a claim in the hands of the responding members and all checks received from the Clearing House by the defaulting member shall be delivered, if required, to the members owning the same without mutilation. The agency of the Clearing House in the matter, it is understood, is only as trustee and in no case is the **Default**

THE CLEARING HOUSE

Association to be held responsible for any loss that may occur.

Errors and Returned Items

“(12) Errors in the exchanges and claims arising from return of checks or from any other cause are to be adjusted directly between the members who are parties to the same and not through the Clearing House.

Hour for Returning Items

“(13) Checks received through the exchanges and returned as ‘not good’ or ‘mis-sent’ shall be returned by p. m. direct to the bank from which received and said bank shall immediately refund to the bank returning the same the amount for which they were originally cleared. If not returned by p. m. the responsibility of the bank which sent said checks through the exchanges shall cease.

New Members

“(14) These articles of association shall become binding upon the respective members from the time they are signed by each respectively, provided that at the time of such signature there shall be deposited with the secretary a properly certified copy of a resolution of the board of directors of such incorporated member, or a certificate of assent of such unincorporated member authorizing the signing of said articles. New members may be admitted to the Association at any meeting by a two-thirds vote of all the members and these articles shall become binding on

ARTICLES OF ASSOCIATION

such new members when signed and assented to as above provided.

“(15) Any member may be suspended or expelled from the Association for cause upon a two-thirds vote of all the members. **Suspensions**

“(16) Any member may withdraw from the Association after giving thirty days' notice to that effect, provided no assessments or fines are due and unpaid. **Withdrawals**

“(17) Amendments to these articles of association may be made at any meeting by a vote of a majority of all the members. Notice of proposed amendments shall be given in writing to each member at least ten days previous to the day on which they are acted upon. **Amendments**

“(18) By-laws, rules and regulations governing the business of the Association in the making of exchanges, providing for the imposition of fines and other details (and also fixing exchange and collection charges and providing for examination of members) may be adopted at any meeting of the Association by vote of a majority of all the members and may be amended by like vote. Notice of the proposed adoption of by-laws or of proposed amendments thereto shall be given in writing to each member, at least ten days previous to the day on which they are acted upon.” **By-laws, Rules and Regulations**

ADDITIONAL SUGGESTIONS FOR THOSE DESIRING TO ORGANIZE A CLEARING HOUSE

THE banks in every city, county, town and village in the United States will find friendly co-operation advantageous and profitable, not only to themselves but to the communities they serve.

The following ideas are offered for consideration as a basis for co-operation and may be included to advantage in the by-laws, rules and regulations of any Clearing House Association located in a state where co-operation in this manner is not prohibited by law :

Maximum Interest Rates

a. Fixing a maximum of 3 per cent. on interest to be allowed on certificates of deposit and fixing the time of such certificates 3, 4, 6 and 12 months. No interest to be allowed after maturity or if cashed before maturity.

Interest on Sav- ings Ac- counts

b. Fixing the maximum of 3 per cent. to be allowed on savings accounts. Same to be computed and paid in July and January, allowing interest from the first of each month where the deposits are made within the first five days of the month.

ADDITIONAL SUGGESTIONS

- | | |
|--|---------------------------------------|
| c. Fixing the fees to be charged for drafts sold over the counter. | Exchange Charges |
| d. Fixing a uniform charge for presenting and collecting drafts and notes. | Collection Charges |
| e. Arranging to pro-rate all deposits of public funds. This for the safety of the banks and the public. | Public Deposits |
| f. Fixing a minimum per transaction and per thousand dollars for handling matters in escrow. | Escrow Charges |
| g. Fixing a minimum rental on safe deposit boxes. | Safe Deposit Rentals |
| h. Arranging for all requests for donations of \$15 or more to be referred to a special committee. | Donations |
| i. Requiring annual statements from all customers having a line of \$1,000 or more and encouraging the procuring of statements from all borrowers. | Borrowers' Statements |
| j. Exchanging credit information on all customers who patronize two or more banks or who seek to change their connections. | Credit Information |
| k. Submitting to a special committee monthly a list of all past due paper and over drafts. | Past Due Paper and Over-Drafts |
| l. Fixing the business hours and rigidly observing legal holidays. | Hours and Holidays |

CLEARING HOUSES IN THE SMALLER PLACES MAY FIND THE FOLLOWING SUGGESTIONS ADVANTAGEOUS:

- 1st. To designate a clerk in the employ of a

THE CLEARING HOUSE

Rotation of Man- agers

member to serve as manager for a period of two months and during the period of his service hold all meetings and make the daily exchanges in the directors' room of that member. Designate the clerk in the employ of another member for the following two months and so on until all the members have been recognized.

Meetings

2nd. To hold regular meetings of the Association on the second Tuesday of every second month at 7.30 P. M.

Dues

3rd. To arrange for a membership fee of say \$10 and annual dues of a like amount.

Fines

4th. To fix a schedule of fines for errors, infractions of the rules, etc.

Rotation of Of- ficers

5th. To arrange for rotation in all offices of the Association.

DATA

The first clearing house in the United States was organized in 1853.

The Clearing House Section work started in 1905.

There are 233 regularly organized clearing houses in the United States.

191 Clearing House Associations are members of the Clearing House Section.

42 Clearing House Associations are not members of the Clearing House Section.

ADDITIONAL SUGGESTIONS

13 clearing houses maintain Country Collection Departments.

20 clearing houses have examination departments.

THE UNIVERSAL NUMERICAL SYSTEM

URGENT need for short methods of handling the ever increasing flow of checks and drafts, generally known as transit items, led ingenious bank transit men to devise various schemes under which numbers and letters were assigned to banks and bank customers to be used in lieu of their respective names, in making record of transit items on collection letters, remittance letters, books, statements, etc. The first system of letters and numbers to be used in this way was inaugurated by the American Bankers Association in the year 1908.

Various Plans

These schemes were designed principally for local use, were successful in a measure, but confusion arising because of conflictions in numbers and letters assigned by neighboring banks, demonstrated the necessity for consolidation of the several plans under central control.

On December 12 and 13, 1910, a meeting of transit managers from a number of the leading cities was held under the auspices of the Clearing House Section of the American Bankers Association for the purpose of devising a numbering system that would be universal in its scope,

UNIVERSAL NUMERICAL SYSTEM

would overcome this confusion and be adaptable for the use of any bank, regardless of its size.

The plan evolved at this meeting was approved and adopted by the Executive Council of the American Bankers Association on May 2, 1911, and has since been known as the Universal Numerical System.

**Explana-
tion of
the Sys-
tem**

It provides for the assignment of a number to every bank, banker and trust company in the United States that is authorized to do a general banking business; for the assignment of numbers designating cities and states, also for the assignment of numbers to the treasurer and assistant treasurer of the United States, to certain postoffices, as well as to express companies, railroads and firms upon whom checks are drawn. The assignment of numbers to local bank customers, individuals, firms and corporations aside from those mentioned, was left entirely in the hands of the individual banks.

Numbers used to designate cities and states are termed prefix numbers.

**How Num-
bers are
Assigned**

Forty-nine of the leading collection centers, including the reserve and central reserve cities and the cities of Buffalo, New York, and Memphis, Tennessee, were given the numbers ranging from one to forty-nine, same being assigned in the order of the population of these cities as shown by the government census of 1910.

THE CLEARING HOUSE

In this arrangement Brooklyn is included with New York City, Kansas City, Kansas, is included with Kansas City, Missouri, and South Omaha with Omaha.

The states were divided into five sections, Eastern, Southeastern, Central, Southwestern and Western. The state containing the principal collection centers in each section was placed at the head of its section and the other states in each section were arranged in alphabetical order. Prefix numbers from 50 to 58 inclusive were assigned to the states in the Eastern Section; 60 to 69 to the states in the Southeastern; 70 to 79 to those in the Central; 80 to 88 to those in the Southwestern, and 90 to 99 inclusive to those in the Western Section. Prefix numbers 59 and 89 were reserved to be assigned later to Alaska and the island possessions of the United States. The Clearing Houses in the forty-nine cities that were given the prefix numbers from 1 to 49 inclusive had previously designated their respective members by numbers.

Numbers corresponding to these so-called clearing house numbers were assigned to the clearing house member banks in these cities and the other banks in each of these cities were arranged in the order of their seniority and were so numbered.

This same scheme was followed in assigning

UNIVERSAL NUMERICAL SYSTEM

the numbers to banks in the largest city in each state, outside the forty-nine cities above referred to.

All other cities and towns in each state having two or more banks were arranged in the order of their population. The banks in each city or town were arranged in the order of their seniority and beginning with the lowest number not already used, the numbers were assigned to the banks in the order so arranged. The one-bank towns in each state were then arranged in alphabetical order and the banks in these towns were numbered in the order thus arranged, the bank in the town heading the list being given the lowest number not in use, etc. Blank numbers were reserved in each city of 5,000 population or over, to be assigned to new banks and numbers are available for assignment to new banks in other locations.

Through the use of this system in registering transit items instead of writing out the names, many thousands of dollars are saved annually in time and labor. This saving is participated in by every bank either directly or indirectly and in proportion to the volume of its business.

**Savings
Effectuated**

The observance of the following suggestions by every bank will materially facilitate and expedite the handling of transit items and will insure the

THE CLEARING HOUSE

realization of the greatest possible benefits from the system.

Endorse- ment Stamps

1st. Endorsing all transit items with an endorsement stamp bearing in figures of bold and distinct type the transit number assigned to it.

Transit Numbers on all Checks

2nd. Having printed in figures of plain and distinct type, immediately following its name on all checks drawn upon it, on all of its certificates of deposit and all of its cashier's checks, the number assigned to it. If the title fills the space across the item (but in no other case), the number may be placed in the extreme upper left-hand corner.

Numbers on all Drafts

3rd. Having its number printed in the same manner as in suggestion No. 2, on all drafts on or "payable if desired" at its correspondent, also having printed on such drafts and immediately to the right of the name of its correspondent the number assigned to said correspondent. (In cases where there is not sufficient space to right of the name of the correspondent for its number, the number may be placed immediately in front of the city where payable.)

Key to Numerical System

4th. Drawing drafts to be sent in payment of remittances to the order of the banks instead of to the order of bank officers.

The plan provides for the publication by the official numbering agents of a book, known as the

UNIVERSAL NUMERICAL SYSTEM

“Key to Numerical System of the American Bankers Association.”

This book contains a list of the banks in each state, together with the numbers assigned to each arranged in alphabetical order, also contains in a separate division a list of the numbers of banks in each state together with the banks to which they are assigned, arranged in numerical order. It is a convenient reference from which can instantly be learned the name of any bank whose number is given or from which the number of any bank can be secured if the name is known.

The cost of this “Key” is \$1.50 and it may be had upon application to the Secretary of the Clearing House Section. Supplements thereto are published semi-annually, giving new numbers assigned, cancellations and changes. These supplements are distributed free to the holders of the “Key.”

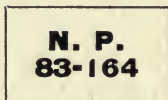
NO-PROTEST SYMBOL PLAN

AN IMPROVED METHOD OF CONVEYING NO-PROTEST INSTRUCTIONS

Explana- tion of the Plan

ANY bank that receives from its customer, a corporation, firm, individual or bank, a check or draft on a bank which it desires to have handled as a "no-protest" item, can convey such instructions through several intermediate banks to the final paying bank by means of an inexpensive rubber stamp. To do this an impression of the stamp should be made on the face and as near the right hand end of the item as is possible. The stamp should be $\frac{1}{2}$ x $\frac{7}{8}$ of an inch in size, and should contain the letters "N. P." and the universal numerical transit number of the bank and should be of the following design:*

Symbol Used



* The number assigned to your bank under the Universal Numerical System should appear on the stamp which you use.

NO-PROTEST SYMBOL PLAN

The instructions on the cash letter accompanying the item should include the following:*

**N. P.
83-164**

Protest all items over \$20 not bearing this stamp or similar stamp containing the transit number of a preceding bank endorser.

**Instruc-
tions for
Cash
Letters**

The teller will place an imprint of his stamp *

**N. P.
83-164**

on every item of over \$20.00 that passes through his department and which is to be handled as "no-protest."

WHEN THIS PLAN IS IN COMPLETE OPERATION THE CLERKS WHO HANDLE THE INCOMING AND OUTGOING MAIL IN SUBSEQUENT BANKS WILL BE RELIEVED FROM EXAMINING CAREFULLY SUCH ITEMS, AND COMPARING THE ITEMS WITH THE LETTERS IN ORDER TO DETERMINE WHAT ITEMS ARE TO BE TREATED AS "NO-PROTEST." If the cash letters read as above indicated the instructions will be automatically conveyed through all hands to the paying banks.

**Instruc-
tions Au-
tomatically
Conveyed**

Tags bearing "no-protest" instructions pinned

* The number assigned to your bank under the Universal Numerical System should appear on the stamp which you use.

THE CLEARING HOUSE

or pasted to checks, as well as the numerous symbols now in use, together with all of their attending annoyances, will disappear.

Some banks may for their own convenience want to continue the practice of making a special record on their outgoing cash letters as to what items are to be handled as "no-protest." This may be done by placing the letters "N. P." or such other notations as are satisfactory either to the right or left of the amounts of the items to which they apply.

Plan Universal in Scope

IT IS DESIRABLE TO MAKE THE PLAN UNIVERSAL IN ITS SCOPE. It is simple and easy of application. Its installation causes little or no expense. It is a great labor and time saver and is beneficial both to the large and small institutions.

Where banks have a large supply of cash letters on hand, it will be necessary for them to procure a rubber stamp with which to change the instructions on these letters. A stamp of the following form is recommended for this purpose:*

N. P. 83-164

Protest all items over \$20 not bearing this stamp or similar stamp containing the transit number of a preceding bank endorser.

* The number assigned to your bank under the Universal Numerical System should appear on the stamp which you use.

NO-PROTEST SYMBOL PLAN

This stamp can be procured from the Clearing House Section of the American Bankers Association at the actual cost of twenty-five cents. The other stamp will also be furnished at actual cost, fifteen cents, by the Clearing House Section, or it may be more convenient to procure these stamps from local dealers.

A little co-operation means success. The plan is copyrighted and banks using it must use it in its entirety, observing uniformity in the following particulars: Plan
Copy-
righted

1st. As to the style and size of the stamp.

2nd. As to place of affixing stamp to checks and drafts. (Should be affixed as near as is possible to the right-hand end of the face of the items.)

3rd. As to uniform instructions on remittance letters, and Uniform-
ity Es-
sential

4th. As to minimum amount (we have adopted \$20.00 as the minimum).

If banks that have not adopted this plan will communicate with the Secretary of the Clearing House Section, he will furnish such additional information as may be desired.

TOTAL BANK TRANSACTIONS

Advertising
Feature

BY constantly producing and publishing statistics which are universally regarded as the best barometer of growth and business activity, Clearing Houses have developed into highly valuable advertising agencies for the cities wherein they are located.

Duplica-
tion in
Clearings

The figures which have been used most widely for this purpose are the bank clearings. They represent the total volume of items (checks and drafts) drawn on clearing banks which pass through the Clearing House; or, in other words, are the sum total of all items that come into the possession of banks having the privileges of a Clearing House, through membership therein or by agency, and which are drawn on or payable at the offices of other banks that in turn have the privileges of a Clearing House. These figures, in some instances, include duplications in the form of cashier's checks, issued in lieu of items cleared and returned direct to members because of payment thereon being refused; also include checks drawn against members by the Clearing House managers in settlement of bal-

THE CLEARING HOUSE

ances and which are not collected, but are carried over and recleared on the day following. *There is no way* of determining what is the total of such items, but were the total of these items known and the amount excluded from the clearings, the figures would not then represent the actual business transacted because a great proportion of checks and drafts are deposited with, or cashed at, the banks on which they are drawn. These do not pass through the Clearing House.

It is estimated that about four or five per cent. of the business transacted in the United States is transacted through the means of actual cash or money. Checks and drafts are used in handling the other ninety-five or ninety-six per cent.

In order that there may be available in addition to the present valuable Clearing House statistics, figures which will show as nearly as is possible the actual business that is transacted throughout the country, a plan of producing statistics known as "Total Bank Transactions" has been instituted by the Clearing House Section of the American Bankers Association. Under this plan it is hoped that the principal Clearing Houses throughout the United States will, in addition to reporting their clearings, make a report on each Thursday of the total volume of business transacted by the members and non-

What Total Bank Transactions Represent

THE CLEARING HOUSE

member clearing banks through the mail, over the counter, and through the Clearing House for the week including the business of Thursday; that is, the grand total of all debits against the accounts covering individual, bank, general and savings deposits, also certificates of deposits and cashier's checks paid. The reporting of bank clearings has become almost automatic. The "Total Bank Transaction" figures can be assembled with but very little trouble. By furnishing them the Clearing Houses will be rendering a valuable public service and the information will prove of interest and value to every bank officer.

Method of Assembling the Fig- ures

If the Clearing Houses will supply their members, and non-member banks with forms of the accompanying design and have each bank charge some employee with the responsibility of posting thereon the information at the close of business each day, it will become an easy routine to handle.

One hundred and twenty Clearing Houses are reporting bank clearings, while but thirty-one are reporting total bank transactions. The latter number should be increased within the year to include at least one hundred of the leading cities.

Experience shows that the clearings represent less than fifty per cent. of the business transacted and that if one hundred leading cities would report weekly the total bank transactions an ac-

STATEMENT OF TOTAL BANK TRANSACTIONS
TO THE _____ CLEARING HOUSE ASSOCIATION

C. H. No. _____	Total Debits on Individual Books	Total Debits on Country Books	Certificates of Deposit Paid	Cashier's Checks Paid
Friday				
Saturday				
Monday				
Tuesday				
Wednesday				
Thursday				
TOTAL				

Total Debits on Individual Books for Week, . . . \$	_____
Total Debits on Country Books for Week, . . . \$	_____
Total of Certificates of Deposit Paid for Week, . . . \$	_____
Total of Cashier's Checks Paid for Week, . . . \$	_____
Grand Total, . . . \$	_____

The above statement is correct,

For Week Ending Thursday _____

Date _____ Cashier.

TOTAL BANK TRANSACTIONS

curate idea of the growth and business activity of the country could be formed therefrom.

COMPARISON OF THE CLEARINGS AND BANK TRANSACTIONS OF THE CITIES REPORTING BOTH

	Clearings for the 6 mo. Including June, 1916.	Bank Transactions 6 mo. Including June, 1916.
Atlanta	\$414,708,108	\$558,532,000
Cedar Rapids	47,192,454	223,425,000
Cincinnati	842,390,750	2,391,433,000
Des Moines	167,688,000	613,404,000
Detroit	992,936,453	2,423,210,000
Fort Wayne	36,304,718	175,899,000
Hartford	204,494,508	308,122,000
Houston	245,880,995	246,745,000
Indianapolis	264,375,501	811,438,000
Kansas City	2,103,968,578	3,721,752,000
Los Angeles	610,353,229	1,109,861,000
Memphis	192,065,000	804,045,000
Minneapolis	641,746,664	2,224,437,000
New Orleans	592,218,733	1,194,362,000
Oakland	104,805,000	267,687,000
Omaha	565,545,030	1,529,992,000
Portland, Me.	60,138,201	172,542,000
Providence	248,509,600	504,930,000
Richmond	409,860,533	1,429,209,000
Sacramento, Cal.	54,317,083	273,562,000
San Francisco	1,543,226,460	3,397,110,000
St. Joseph	242,053,000	1,267,451,000
Scranton	80,334,392	205,443,000
Seattle	350,348,000	846,426,000

THE CLEARING HOUSE

South Bend	\$21,927,455	\$48,914,000
Spokane	110,920,000	277,476,000
Springfield, Mass.	108,291,000	101,083,000
Stockton	30,942,937	58,789,000
Tacoma	54,208,747	147,814,000
Toledo	222,534,594	970,479,000
Trenton	57,760,409	165,565,000

\$11,623,046,132 \$28,471,137,000

THE FEDERAL RESERVE CLEARING SYSTEM

SECTIONS 13 and 16 of the Federal Reserve Act provide that Federal reserve banks shall receive on deposit from their respective members and from other Federal reserve banks checks and drafts drawn upon any member of a Federal reserve bank or upon any Federal reserve bank; and, further, that the Federal Reserve Board may require the Federal reserve banks to perform the functions of a Clearing House.

The Federal Reserve Board under authority conferred by these two sections has established a plan of clearing and settlement of balances through a central fund in the hands of the Federal Reserve Board at Washington, D. C., known as the "Gold Settlement Fund." When this plan was established, every Federal reserve bank was required to deposit with the Federal Reserve Board gold, or United States gold certificates of one million dollars in excess of the net balances then due from it to other Federal reserve banks and each Federal reserve bank is required

**Gold Set-
tlement
Fund**

THE CLEARING HOUSE

to maintain a minimum balance of one million dollars in this fund.

Each Federal reserve bank carries on its books, **Accounts Carried** in its relations with each of the Federal reserve banks, two accounts, "Due To" and "Due From," also an account known as the "Gold Settlement Fund Account," and at the close of business each Wednesday wires to the Federal Reserve Board advice as to the amount then "Due To" each of the other Federal reserve banks. **Clearing by Wire** The Board tabulates the balances so reported and effects a clearing, using the telegraphic advices as a basis and upon the same principle as that followed by regular clearing houses in making their daily exchanges. **Balances and Settlements** The net balances arising from such clearings are settled by book entries in the gold settlement fund account. Theoretically transfers are made of certificates representing the amounts of the balances involved. After each clearing the Federal Reserve Board advises each Federal reserve bank by wire as to the results. These telegraphic advices serve as authority for making entries against the accounts. All telegrams are sent in private code and are confirmed by official advices through the mails. The plan relieves the necessity of transferring immense sums of gold and other lawful money. The balances resulting from the clearings average less than seven per cent. of the amount

FEDERAL RESERVE SYSTEM

cleared. The plan is operated in the interests of economy, safety and better service. It is a big step forward and is the forerunner of a great universal clearing system.

Diversity
of Methods
Experimented
With

Prior to July 15, 1916, the Federal reserve banks operated clearing or collection departments through which checks and drafts on certain members and on the Federal reserve banks were handled. These departments were operated under rules which varied widely. In one district items not bearing the endorsement of any bank located outside of that district were taken for immediate credit, at par, when drawn upon a member bank or a Federal reserve bank; in other districts items were taken when drawn upon member banks that had, through vote of their respective boards of directors, agreed to maintain with their Federal reserve bank balances in excess of their required reserves in sufficient amount to cover such items, and further to permit their Federal reserve bank to debit such member banks' accounts with the amount of the items on the day they are received by Federal reserve bank. Two of the Federal reserve banks took the position that the law did not contemplate that they should actually clear or collect a large volume of items, but that they should serve only as regulators of exchange.

Aside from the knowledge and experience

THE CLEARING HOUSE

gained, little was accomplished through these operations up to July 15, 1916. X On that day, under orders from the Federal Reserve Board, a practically uniform plan of clearing and collection was established in all the Federal reserve banks. Under this plan each Federal reserve bank operates a clearing or collection department. In the announcement of the plan the provisions covered were:

**Uniform
Plan**

**Provisions
of the
Plan**

**Items
Received
at Par**

First: That each Federal reserve bank shall receive for collection and credit, from member banks and from other Federal reserve banks at par, so far as concerns exchange charges, checks and drafts drawn upon members of the Federal reserve system.

Second: That each Federal reserve bank shall receive, from its members and from other Federal reserve banks, for collection and credit, at par, so far as concerns exchange charges, checks and drafts drawn on any bank, banker or trust company when such checks and drafts can be collected by the Federal reserve banks through member banks or otherwise at par.

Third: That each Federal reserve bank will receive for collection and credit at par so far as concerns exchange charges, checks and drafts drawn upon any Federal reserve bank.

Fourth: Par lists covering non-member banks whose items can be handled at par, so far as con-

FEDERAL RESERVE SYSTEM

cerns exchange charges, through the Federal reserve banks will be furnished by the Federal reserve banks to their respective members.

Tentative Credit

Fifth: Tentative credit for items referred to in provisions Nos. 1, 2, 3 and 4 will be given by Federal reserve banks to their respective members, but the proceeds will not be available for use either as reserve or otherwise until the funds are actually collected. (Two Federal reserve banks have announced that balances represented by such tentative credit entries may be treated as optional reserves.)

Sixth: The Federal reserve banks will forward items direct to the member banks upon which drawn, and will charge them to the member banks' accounts when advice of payment has been received, or when sufficient time has elapsed within which to receive advice of payment.

Non-Mem- ber Bank Checks

Seventh: Member banks will be given opportunity to handle checks on non-member banks before effort is made by a Federal reserve bank to secure direct par connections with non-member banks.

Expense of Shipping Funds

Eighth: Where member banks do not have sufficient volume of items to offset at the Federal reserve bank items sent to said members by the Federal reserve bank, such members may ship lawful money or Federal reserve notes in pay-

THE CLEARING HOUSE

ment at the expense of their Federal reserve bank.

Ninth: In handling items for member banks, the Federal reserve bank will act as agent only. It will require each member to authorize it to send checks and drafts for collection to banks on which they are drawn, and will assume no liability except for negligence. **Liability**

Tenth: The cost of clearing and collecting checks and drafts will be assessed against the banks depositing such items with the Federal reserve bank. This charge will be known as a service charge, and will be fixed at so much per item. (It is generally estimated by the Federal reserve banks that the cost will range from one and one-half to one and three-fourths cents per item.) **Service Charge**

Eleventh: The Federal Reserve Board will fix a penalty, as provided in Sec. 19 of the Federal Reserve Act, to be imposed upon member banks for encroaching upon their reserves. **Penalty for Impaired Reserves**

Twelfth: Each Federal reserve bank will carefully analyze the accounts of the member banks, and will apply a penalty where reserves are impaired. A schedule of time required within which to collect checks and drafts will be furnished to each member bank in order to enable it to determine the time at which any item

FEDERAL RESERVE SYSTEM

sent to the Federal reserve bank may be counted as reserve and will be available to meet checks drawn against the funds represented thereby.

If operated as it should be, that is, along the lines of economy and efficiency, this new plan will afford a means of greatly reducing the labor, expense and time involved in liquidating cash items.

It has in it the possibilities of the greatest collection system the world has ever known, but the departments operated under the plan should be self-sustaining, and sections 13 and 16 of the Federal Reserve Act should be so amended and the plan so revised that the burden of the expense will fall upon the beneficiaries, namely, the parties whose debts are liquidated by the use of the checks and drafts that pass through the Federal reserve banks. It would then be as the framers of the law intended. During the initial stages and so long as the majority of the banks are not members of the Federal reserve system keen competition will prevent lodging the expense upon the parties who draw the checks and drafts, and it will be borne largely by the so-called country banks. Between twenty-five and thirty billion dollars' worth of country checks and drafts are collected annually by the banks at a cost of many millions of dollars. The general business

**Burden of
Expense**

THE CLEARING HOUSE

public should benefit by any reduction that is made in that cost through the operation of the new clearing and collection system, but should not benefit beyond the reduction.

THE CLEARING HOUSE SECTION

THE Clearing House Section is a subdivision of the American Bankers Association organized for the purpose of providing a channel through which questions of importance and of common interest to the Clearing Houses and to the banks generally may be discussed and solved. It affords a means through which information and data may be gathered and disseminated in the interests of better systems, methods and practices. It is the outgrowth of the Conference of Clearing Houses of the United States which in turn owed its birth to resolutions adopted by the Michigan Bankers Association in convention at Port Huron July 14th, 1899. This conference met annually and was quite active up to 1905, at which time its work was taken over by a committee representing the American Bankers Association. The constitution and by-laws of the American Bankers Association were then amended and under the provisions of the amendment the Clearing House Section was created and assumed charge of the work of this special committee.

**Origin
and
Purposes**

THE CLEARING HOUSE

All regularly organized Clearing House Associations are eligible for membership in the Section. There are 233 such organizations in the United States and of these 191 are members. Membership is free and the expenses of the Section are defrayed by appropriations made semi-annually by the American Bankers Association.

**Member-
ship**

Expenses

Through the influence of the Section dozens of new Clearing House Associations have been organized and the functions of the existing Clearing Houses have been broadened and greatly extended. It has fathered, evolved and developed many schemes and plans through the operation of which the banks of the country have saved many hundreds of thousands of dollars. These features include the Universal Numerical System, the Country Clearing House, Clearing House Examinations, uniform counter checks, the no-protest symbol plan and the plan of the gold settlement fund now used by the Federal reserve system.

**Work
Done**

The administration of the affairs of the Section is vested in the Executive Committee consisting of six members and three ex-officio members, namely, the President, Vice-President and the ex-President, for a period of one year. Two of the six regular members are elected for terms of three years by vote of the official delegates present at the annual meeting of the Section

**Executive
Committee
and Of-
ficers**

THE CLEARING HOUSE SECTION

which is held during the convention of the American Bankers Association. Temporary vacancies may be filled by the Committee.

The Section is represented in the council meetings of the American Bankers Association by its President, who is a member thereof ex-officio.

Represent- ation on Council

The Executive Committee selects its own chairman and is authorized to employ a secretary of the Section who may or may not be a member of the committee and to use the funds appropriated in the interests of the Section, and is empowered to transact such business as may be authorized by the Section or as may be required in the furtherance of the interests of Clearing Houses.

OFFICERS AND COMMITTEES, WITH TERMS OF OFFICE

PRESIDENTS

Walker Hill, St. Louis, Mo.....	1906-1908
August Blum, Chicago, Ill.....	May to September, 1908
E. C. McDougal, Buffalo, N. Y.....	1908-1909
Sol Wexler, New Orleans, La.....	1909-1910
E. R. Fancher, Cleveland, O.....	1910-1911
Charles A. Ruggles, Boston, Mass.....	1911-1912
Ralph Van Vechten, Chicago, Ill.....	1912-1913
John K. Ottley, Atlanta, Ga.....	1913-1914
A. O. Wilson, St. Louis, Mo.....	1914-1915
J. D. Ayres, Pittsburgh, Pa.....	1915-1916

VICE-PRESIDENTS

Fred. E. Farnsworth, Detroit, Mich.....	1906-1908
E. C. McDougal, Buffalo, N. Y.....	May to Sept., 1908
Sol Wexler, New Orleans, La.....	1908-1909
E. R. Fancher, Cleveland, O.....	1909-1910
George Guckenberger, Cincinnati, O...	1910—June, 1911
Charles A. Ruggles, Boston, Mass..	1911—to Nov., 1911
Ralph Van Vechten, Chicago, Ill.....	1911-1912
John K. Ottley, Atlanta, Ga.....	1912-1913
A. O. Wilson, St. Louis, Mo.....	1913-1914
J. D. Ayres, Pittsburgh, Pa.....	1914-1915
W. D. Vincent, Spokane, Wash.....	1915-1916

OFFICERS AND COMMITTEES

CHAIRMEN

F. W. Hayes, Detroit, Mich.....	1899-1903
W. T. Fenton, Chicago, Ill.....	1903-1905
Walker Hill, St. Louis, Mo.....	1905-1906
August Blum, Chicago, Ill.....	1906-1908
Sol Wexler, New Orleans, La.....	May to Sept., 1908
E. R. Fancher, Cleveland, O.....	1908-1909
George Guckenberger, Cincinnati, O.....	1909-1910
Ralph Van Vechten, Chicago, Ill.....	1910-1911
John K. Ottley, Atlanta, Ga.....	1911-1912
A. O. Wilson, St. Louis, Mo.....	1912-1913
J. D. Ayres, Pittsburgh, Pa.....	1913-1914
W. D. Vincent, Spokane, Wash.....	1914-1915
John McHugh, New York, N. Y.....	1915-1916

SECRETARIES

Fred. E. Farnsworth, Detroit, Mich.....	1899-1911
O. Howard Wolfe, New York, N. Y....	June, 1911-1915
Jerome Thralls, New York, N. Y.....	February, 1916

MEMBERS OF EXECUTIVE COMMITTEE (Alphabetical Order)

Ayres, J. D., Pittsburgh, Pa.....	1911-1914
Beymer, A. S., Pittsburgh, Pa.....	1907-1908
Blum, August, Chicago, Ill.....	1905-1909
Chamberlain, F. A., Minneapolis, Minn.....	1907-1909
Clarke, Lewis L., New York, N. Y.....	1912-1915
Cox, L. O., Louisville, Ky.....	1899-1903
Crane, A. A., Minneapolis, Minn.....	1915-1918
Devries, Christian, Baltimore, Md.....	1899
Donald, James M., New York, N. Y.....	1909-1912
Fancher, E. R., Cleveland, O.....	1905-1909
Fenton, W. T., Chicago, Illinois.....	1905-1906

THE CLEARING HOUSE

Fulton, J. H., New Orleans, La.....	1914-1917
Griffith, G. P., Cincinnati, O. To fill unexpired term of Mr. Guckenberger.....	June to Nov., 1911
Guckenberger, George, Cinn., O....	1900-1905—1907-1910
Hulbert, E. D., Chicago, Ill.....	1901-1903
Hutcheson, C. G., Kansas City....	1907-1910—1914-1917
Jess, Stoddard, Los Angeles, Cal.....	1913-1916
Keser, H. J., Philadelphia, Pa.....	1906-1908
Lombard, I. G., Chicago, Ill.....	1899-1903
McAdams, Thos. B., Richmond, Va.....	1915-1918
McHugh, John, Sioux City, Iowa—One year of unexpired term of Mr. Power (Deceased)	1912-1916
McIntosh, C. K., San Francisco, Cal.....	1909-1912
Moore, Charles H., Kansas City, Mo.....	1906-1907
Ottley, John K. Atlanta, Ga.....	1910-1913
Power, Geo. C., St. Paul, Minn. (Deceased)	1910-1912
Ruggles, Chas. A., Boston, Mass.....	1908-1911
Russel, Geo. S., Cleveland, O.....	1899-1903
Thorne, Gilbert G., Minneapolis, Minn.....	1899-1900
Van Vechten, Ralph, Chicago, Ill.....	1908-1911
Vincent, W. D., Spokane, Wash.....	1912-1915
Wexler, Sol., New Orleans, La.....	1906-1908
Wilson, A. O., St. Louis, Mo.....	1911-1914

MEMBERS OF EXECUTIVE COMMITTEE (*Date Order*)

Isaac G. Lombard, Chicago, Ill.....	1899-1903
George S. Russell, Cleveland, O.....	1899-1903
Christian Devries, Baltimore, Md.....	1899
L. O. Cox, Louisville, Ky.....	1899-1903
Gilbert G. Thorne, Minneapolis, Minn.....	1899-1900
George Guckenberger, Cinn., O....	1900-1905—197-1910
E. D. Hulbert, Chicago, Ill.....	1901-1903
W. T. Fenton, Chicago, Ill.....	1905-1906

THE CLEARING HOUSE

August Blum, Chicago, Ill.....	1905-1909
E. R. Fancher, Cleveland, O.....	1905-1909
H. J. Keser, Philadelphia, Pa.....	1906-1908
Charles H. Moore, Kansas City, Mo.....	1906-1907
Sol Wexler, New Orleans, La.....	1906-1908
A. S. Beymer, Pittsburgh, Pa.....	1907-1908
F. A. Chamberlain, Minneapolis, Minn.....	1907-1909
C. G. Hutcheson, Kansas City, Mo.....	1907-1910—1914-1917
Charles A. Ruggles, Boston, Mass.....	1908-1911
Ralph Van Vechten, Chicago, Ill.....	1908-1911
James M. Donald, New York, N. Y.....	1909-1912
C. K. McIntosh, San Francisco, Cal.....	1909-1912
George C. Power, St. Paul, Minn (Deceased)	1910-1912
John K. Ottley, Atlanta, Ga.....	1910-1913
J. D. Ayres, Pittsburgh, Pa.....	1911-1914
A. O. Wilson, St. Louis, Mo.....	1911-1914
G. P. Griffith, Cincinnati, O.—Unexpired term of Mr. Power	June to Nov., 1911
Lewis L. Clarke, New York, N. Y.....	1912-1915
W. D. Vincent, Spokane, Wash.....	1912-1915
John McHugh, Sioux City, Iowa. (One year of unexpired term of Mr. Power).....	1912-1916
Stoddard Jess, Los Angeles, Cal.....	1913-1916
J. H. Fulton, New Orleans, La.....	1914-1917
A. A. Crane, Minneapolis, Minn.....	1915-1918
Thos. B. McAdams, Richmond, Va.....	1915-1918

COMMITTEE ON RATES, RULES AND REGULATIONS 1899

F. W. Hayes, Detroit, Mich., Chairman.
 George S. Russel, Cleveland, O.
 Christian Devries, Baltimore, Md.
 L. O. Cox, Louisville, Ky.
 Gilbert G. Thorne, Minneapolis, Minn.
 Isaac G. Lombard, Chicago, Ill., *ex-officio*.

OFFICERS AND COMMITTEES

COMMITTEE SUCCEEDING TO WORK OF CONFERENCE OF CLEARING HOUSES 1905

Walker Hill, St. Louis, Mo.
W. T. Fenton, Chicago, Ill.
August Blum, Chicago, Ill.
George Guckenberger, Cincinnati, O.
E. R. Fancher, Cleveland, O.
Fred. E. Farnsworth, Detroit, Mich.

NUMERICAL SYSTEM COMMITTEE 1910-1913

W. G. Schroeder, Chicago, Ill., Chairman.
C. R. McKay, Chicago, Ill.
J. A. Walker, Chicago, Ill.

COMMITTEE ON CODIFYING COLLECTION LAWS 1913

R. B. Cox, New York, N. Y., Chairman.
Thomas B. Paton, New York, N. Y.
Newton D. Alling, New York, N. Y.
W. M. Van Deusen, Newark, N. J.
The Secretary of the Section.

NUMERICAL SYSTEM COMMITTEE 1913-1915

C. R. McKay, Chicago, Ill., Chairman.
J. A. Walker, Chicago, Ill.
W. G. Schroeder, Chicago, Ill.

OFFICERS AND COMMITTEES

NUMERICAL SYSTEM COMMITTEE

1915

James A. Walker, Chicago, Ill., Chairman.

C. E. Estes, Chicago, Ill.

R. G. Danielson, Chicago, Ill.

COMMITTEE ON COUNTRY CLEARING HOUSES

1915

Richard S. Hawes, St. Louis, Mo., Chairman.

L. F. Kiesewetter, Columbus, O.

Alexander Dunbar, Pittsburgh, Pa.

O. Howard Wolfe, Philadelphia, Pa.

James Ringold, Denver, Colo.

NO-PROTEST SYMBOL COMMITTEE

1915

W. D. Vincent, Spokane, Wash.

CLEARING HOUSES OF THE UNITED STATES

—Indicates clearing houses that conduct country collection departments.

* Indicates clearing houses that conduct examination departments.

MEMBERS OF THE CLEARING HOUSE SECTION

Aberdeen, So. Dak.	Birmingham, Ala.
Adrian, Mich.	Bloomington, Ill.
Akron, Ohio.	Boise, Idaho.
Albany, N. Y.	Boston, Mass.
Albany, Ore.	Brunswick, Ga.
Altoona, Pa.	Buffalo, N. Y.
Amarillo, Tex.	Butler, Pa.
—Atlanta, Ga.	
—Augusta, Ga.	Canton, O.
Aurora, Ill.	Cedar Rapids, Iowa.
Austin, Texas.	Charleston, So. Car.
	—Chattanooga, Tenn.
Bakersfield, Cal.	Chester, Pa.
Baltimore, Md.	* Chicago, Ill.
Bangor, Me.	Chillicothe, Mo.
Bay City, Mich.	Cincinnati, O.
Beaumont, Texas.	* Cleveland, O.
Beaver County,	Coeur D'Alene, Idaho.
(New Brighton, Pa.)	Colorado Springs, Colo.
Billings, Mont.	Columbia, So. Car.

THE CLEARING HOUSE

Columbus, Ga.	Hagerstown, Md.
* Columbus, O.	Hamilton, O.
	Harrisburg, Pa.
Dallas, Tex.	Hartford, Conn.
Danville, Ill.	Hastings, Neb.
Davenport, Iowa.	Hawkinsville, Ga.
Dayton, O.	Helena, Mont.
Decatur, Ill.	Holyoke, Mass.
Denver, Colo.	Houston, Texas.
Des Moines, Iowa.	
—Detroit, Mich.	Indianapolis, Ind.
Duluth, Minn.	
	Jackson, Mich.
El Paso, Texas.	Jacksonville, Fla.
Emporia, Kan.	Jacksonville, Ill.
Ennis, Texas.	Joplin, Mo.
Erie, Pa.	
Evansville, Ind.	* Kansas City, Kansas.
Fall River, Mass.	*—Kansas City, Missouri.
Fargo, N. D.	Knoxville, Tenn.
Flint, Mich.	
Fort Wayne, Ind.	Lancaster, Pa.
Fort Worth, Texas.	Lansing, Mich.
Frederick, Md.	Lawrence, Kan.
Fremont, Neb.	Lawton, Okla.
Fresno, Cal.	Lewistown, Mont.
	Lexington, Ky.
Galveston, Texas.	Lima, O.
Gary, Ind.	Lincoln, Nebr.
Grand Forks, N. D.	Little Rock, Ark.
Grand Rapids, Mich.	Long Beach, Cal.
Greensburg, Pa.	Lorain, O.
Greenville, S. C.	* Los Angeles, Cal.
Grand Junction, Colo.	*—Louisville, Ky.
Guthrie, Okla.	Lowell, Mass.

MEMBERS

- Macon, Ga.
- Mansfield, O.
- McAlester, Okla.
- Memphis, Tenn.
- Meridian, Miss.
- * Milwaukee, Wis.
- * Minneapolis, Minn.
- Mobile, Ala.
- Montclair, N. J.
- Montgomery, Ala.
- * Muskogee, Okla.
- *—Nashville, Tenn.
- New Albany, Ind.
- New Bedford, Mass.
- New Castle, Pa.
- New Haven, Conn.
- Newnan, Ga.
- * New Orleans, La.
- Newport News, Va.
- *—New York, N. Y.
- Norfolk, Va.
- Norristown, Pa.
- North Yakima, Wash.
- Oakland, Cal.
- Ogden, Utah.
- *—Oklahoma City, Okla.
- Omaha, Nebr.
- Orange, N. J.
- Oshkosh, Wis.
- Owensboro, Ky.
- Pasadena, Cal.
- Peoria, Ill.
- * Philadelphia, Pa.
- Pine Bluff, Ark.
- Pittsburgh, Pa.
- Portland, Me.
- * Portland, Ore.
- Providence, R. I.
- Quincy, Ill.
- Raleigh, N. C.
- Reading, Pa.
- Reno, Nev.
- Richmond, Va.
- Richmond Country
- C. H., Va.
- Rochester, N. Y.
- Rockford, Ill.
- Sacramento, Cal.
- * St. Joseph, Mo.
- *—St. Louis, Mo.
- * St. Paul, Minn.
- Salt Lake City, Utah.
- San Antonio, Texas.
- San Diego, Cal.
- San Francisco, Cal.
- San Jose, Cal.
- Santa Rosa, Cal.
- Savannah, Ga.
- Scranton, Pa.
- Seattle, Wash.
- Sedalia, Mo.
- Sioux City, Iowa.
- Sioux Falls, S. D.
- South Bend, Ind.

THE CLEARING HOUSE

Spartanburg, S. C.	Vicksburg, Miss.
* Spokane, Wash.	
Springfield, Ill.	
Springfield, Mass.	Washington, D. C.
Springfield, Mo.	Waterbury, Conn.
Springfield, O.	Wheeling, W. Va.
Stockton, Cal.	Wichita, Kan.
Superior, Wis.	Wilkes-Barre, Pa.
Syracuse, N. Y.	Wilmington, Del.
	Wilmington, N. C.
Tacoma, Wash.	Worcester, Mass.
Tampa, Fla.	
Texarkana, Ark.	York, Pa.
Toledo, O.	Youngstown, O.
Topeka, Kan.	
Trenton, N. J.	
Tulsa, Okla.	Zanesville, O.

NON-MEMBERS

Albany, Ga.	Dubuque, Iowa.
Ann Arbor, Mich.	
Asheville, N. C.	Elberton, Ga.
Atchison, Kan.	Estherville, Ia.
	Eugene, Ore.
Bartlesville, Okla.	
Belton, Tex.	Franklin, Pa.
Binghamton, N. Y.	
Bowling Green, Ky.	Gainesville, Fla.
Charlotte, N. C.	Hammond, Ind.
Cheraw, S. C.	Helena, Ark.
Connellsville, Pa.	Henderson, Ky.
Cordele, Ga.	Homestead, Pa.

MEMBERS

Kalamazoo, Mich.

Palestine, Tex.

Passaic, N. J.

Pittsburgh, Kan.

Lebanon, Pa.

Lynchburg, Va.

Ritzville, Wash.

Rome, Ga.

Medford, Ore.

Muncie, Ind.

Saginaw, Mich.

Santa Monica, Cal.

Shreveport, La.

Nebraska City, Nebr.

Valdosta, Ga.

Vidalia, Ga.

Ocala, Fla.

Oil City, Pa.

Waco, Tex.

Washington, Ga.



TO THE
ADVERTISER

THIS BOOK IS DUE ON THE LAST DATE
STAMPED BELOW

AN INITIAL FINE OF 25 CENTS
WILL BE ASSESSED FOR FAILURE TO RETURN
THIS BOOK ON THE DATE DUE. THE PENALTY
WILL INCREASE TO 50 CENTS ON THE FOURTH
DAY AND TO \$1.00 ON THE SEVENTH DAY
OVERDUE.

MAR 22 1933

MAR 24 1933

NOV 22 1933

FEB 6 1934

NOV 28 1937

AUG 28 1940

AUG 1 1946
30 Mar 50

JAN 13 1998

YB 18146

edit 80.

U. C. BERKELEY LIBRARIES



C057918112

357345

*HG 2822
T5*

UNIVERSITY OF CALIFORNIA LIBRARY

